Selection of Code Provisions Impacting Technology-Based Economic Development in Virginia

Industrial Development and Revenue Bond Act (§ 15.2-4900 et seq.)

- Potential funding source for luring high-tech development.

Tuition Assistance Grant Act (§ 23-38.11 et seq.)

- This is an example of a higher education policy that helps fill the "pipeline" of college graduates in Virginia (although not directed solely at STEM majors). A constant theme of presentations to JCOTS by the tech industry has been the need for a good pipeline of STEM graduates from Virginia's institutions of higher education. Another example of policies affecting the "pipeline" are the K-12 curriculum requirements and teacher preparation.

The Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56.1-575.1 et seq.)

- Offers opportunities for the private sector to leverage technology to improve delivery of services by state and local governments.

Secretary of Commerce and Trade (§ 2.2-204 et seq.) and Secretary of Technology (§ 2.2-225 et seq.)

- Sets out duties and powers of each.

Chief Workforce Development Officer (§ 2.2-435.6)

- Develops a strategic plan for the statewide delivery of workforce development and training programs and activities.

Chapter 22 of Title 2.2 (Authorities)

- Several of the authorities, such as the Virginia Commercial Spaceflight Authority, attract high tech development.

Modeling and Simulation Advisory Council (§ 2.2-2698 et seq.)

- Monitors the industry, advises Governor on policies to promote development.

Aerospace Advisory Council (§ 2.2-2699.1 et seq.)

- Monitors the industry, advises Governor on policies to promote development.

Broadband Advisory Council (§ 2.2-2699.3 et seq.)

- Monitors the industry, advises Governor on policies to promote development.

Intellectual property policies

- Higher education: impacts industry access and partnerships with research institutions in the Commonwealth (§ 23-4.3 and § 23-4.4)
- Uniform Trade Secrets Act (§ 59.1-336 et seq.)

Semiconductor Manufacturing Performance Grant Program (§ 59.1-284.13)

Aerospace Engine Manufacturing Performance Grant Program (§ 59.1-284.20)

Advanced Shipbuilding Training Facility Grant Program (§ 59.1-284.23)

Qualified equity and subordinated debt investments tax credit (§ 58.1-339.4)

Angel Tax Credit increased from $3M to $5M in 2010, then reverts back to $3M in 2011

Tax credits for investing in technology industries in tobacco-dependent localities (Article 13.1, Chapter 3, Title 58.1; § 58.1-439.13 et seq.)

Long-term capital gain deduction (§ 58.1-322 and § 58.1-402): Grants an income tax deduction for any income taxed as a long-term capital gain for federal income tax purposes or any income taxed as investment services partnership interest income, on or after January 1, 2011, that is related to a qualified investment in a technology and science start-up business having a principal office or facility in the Commonwealth and less than $3 million in annual revenues in the fiscal year prior to the investment.

"VA Innovation Investment Act" establishes a 100 percent capital gains tax exclusion for founders and investors in qualifying technology, energy and biotechnology startups in Virginia for investments made over the next three years. The idea is based on legislation from North Carolina designed to improve the availability of funding for companies immediately without having to make a large appropriation of state dollars in a tight budget climate.

The CIT "GAP" Fund received $1.5M over the next two years (budget amendment provides $500,000 in the first year and $1.0 million in the second year to fund the GAP program for technology and life-science program administered by the Center for Innovative Technology.)

Recent Initiatives of the Joint Committee on Technology and Science (JCOTS)

Intellectual Property: In 2005 and during the 2006 sessions JCOTS worked on updating the code provisions governing intellectual property policies at institutions of higher education. Testimony from private industry indicated a difficulty working with universities on projects that developed new IP and difficulty in having that IP transferred to the private entity for commercialization. Legislation in 2006 passed to help streamline this process. The Department of Planning and Budget was required to develop guidelines to help determine when an IP transfer would have to be approved by the Governor...but this was never done. Universities are also required to report their IP policies to JCOTS...several universities have not done this. In 2008 and 2009 JCOTS worked with the Secretary of Administration in developing a uniform policy to deal with the protection and transfer of intellectual property developed by state agencies. JCOTS intends to form an advisory committee to study this issue during the 2010 interim.

Aerospace: JCOTS worked during 2007 and 2008 to develop the Spaceflight Liability and Immunity Act and the Zero G, Zero Tax Act which has gained national recognition as a catalyst for the recent resurgence in private investment and relocation of aerospace companies at Wallop's Island. JCOTS has continued to assist in the support of private companies on the development of spaceflight goods and services in the Commonwealth.

Transportation Technologies: During the 2010 interim JCOTS will likely look at transportation technologies. In the past JCOTS has visited the Virginia Tech Transportation Institute and the

Insurance Institute for Highway Safety, both of which are nationally recognized transportation technology and safety resources that could be leverage in future economic development efforts.

Electronic Medical Records: JCOTS has studied EMR's for the past several years and will continue to monitor their development during 2010.